

**State of Alaska  
FY2005 Governor's Operating Budget**

**Department of Health and Social Services  
Behavioral Health Medicaid Services  
Component Budget Summary**

## Contents

<i>Component: Behavioral Health Medicaid Services</i> .....	3
Component Financial Summary.....	5
Summary of Component Budget Changes.....	6

**Component: Behavioral Health Medicaid Services**

**Contribution to Department's Mission**

The mission of the Behavioral Health Medicaid Services component is to leverage additional federal funds in order to maintain availability of behavioral health services to individuals with a mental disorder or illness and/or a substance abuse disorder.

**Core Services**

Funds support mental health treatment and substance abuse intervention and treatment services for Medicaid eligible youth and adults, in both in-patient and out-patient settings.

In FY03 for general mental health 6,323 children were served, 2,064 adults, 184 elderly, 315 disabled children, and 3,127 disabled adults. Additionally, 69 pregnant children, 239 pregnant women, and 17 pregnant disabled women received mental health services.

For FY03 Residential Psychiatric Treatment Centers (RPTC) served 879 children and 3 adults. The inpatient psychiatric hospitals treated 743 children and 32 adults/elderly.

<b>FY2005 Resources Allocated to Achieve Results</b>		
<b>FY2005 Component Budget: \$118,328,600</b>	<b>Personnel:</b>	
	Full time	0
	Part time	0
	<b>Total</b>	<b>0</b>

**Key Component Challenges**

Forefront among the Division's Medicaid Services issues is the challenge of cost containment in the face of rapid service utilization growth and a continually increasing cost of delivering services. The Division is strategizing with Medicaid program experts to develop a fiscally responsible Medicaid cost containment plan.

The Division will also work to determine core services, the best alternatives (both quality and cost based) for delivering those services, and a means of evaluating the services provided. Building management tools for gathering and analyzing Medicaid services data will be key to determining services' cost-effectiveness and the impacts of cost containment, both overall and for specific populations and services.

**Significant Changes in Results to be Delivered in FY2005**

Driven by the need to manage within existing appropriation levels, the Division will be drafting and implementing new DBH Medicaid Services regulations that limit eligibility for services and eliminate certain Medicaid service cost categories.

One of the high Medicaid cost categories is providing services to severely emotionally disturbed youth who are sent to out-of-state residential psychiatric treatment centers. The related long-distance transportation and intensive service costs are very high. Initial analysis indicates that too many children are being sent out for mental health services that could be provided locally, and that the young people frequently remain in out-of-state inpatient settings longer than is clinically necessary because a plan is not in place to bring them home to stepped down care at the first possible opportunity. Efforts in FY05 will focus on working with the provider community to develop the high level services that will allow virtually all children to be served in-state, and setting up systems that will allow the step down in service intensity when clinically appropriate. As a result, service costs will decrease and families will be able to participate to a greater

extent in their child's recovery if the child remains in-state and as close to home as possible.

Working with the "638" Native health care providers to ensure that the maximum numbers of Medicaid eligible Native individuals are served by the "638's" and thus eligible for 100% federal reimbursement for the services they deliver will allow the Division to maintain funding for services to non-Natives to the greatest extent possible.

### Major Component Accomplishments in 2003

This is a new component in FY04.

### Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons  
7 AAC 43 Medicaid

Social Security Act:  
Title XVIII Medicare  
Title XIX Medicaid  
Title XXI Children's Health Insurance Program

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**Behavioral Health Medicaid Services  
Component Financial Summary**

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	104,292.6	118,328.6
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>104,292.6</b>	<b>118,328.6</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	64,809.7	73,462.7
1003 General Fund Match	0.0	10,913.5	16,896.5
1037 General Fund / Mental Health	0.0	27,069.4	26,469.4
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	0.0	1,500.0	1,500.0
<b>Funding Totals</b>	<b>0.0</b>	<b>104,292.6</b>	<b>118,328.6</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	0.0	64,809.7	73,462.7
<b>Restricted Total</b>		<b>0.0</b>	<b>64,809.7</b>	<b>73,462.7</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>64,809.7</b>	<b>73,462.7</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>37,982.9</b>	<b>64,809.7</b>	<b>1,500.0</b>	<b>104,292.6</b>
<b>Adjustments which will continue current level of service:</b>				
-Utilization 100% IHS Medicaid Reimbursement for In-State RPTC	-1,033.7	1,033.7	0.0	0.0
-Reverse Time-Limited Tax-Relief FMAP Change of FY04	3,029.9	-3,029.9	0.0	0.0
<b>Proposed budget decreases:</b>				
-Develop RPTC step-down rate and in-state bed space	-600.0	-900.0	0.0	-1,500.0
-Continuation of FY 04 cost containment efforts	-960.0	0.0	0.0	-960.0
<b>Proposed budget increases:</b>				
-Projected Medicaid Growth	4,946.8	11,549.2	0.0	16,496.0
<b>FY2005 Governor</b>	<b>43,365.9</b>	<b>73,462.7</b>	<b>1,500.0</b>	<b>118,328.6</b>